

Message Text

SECRET

PAGE 01 BAGHDA 00286 120907Z
ACTION SS-25

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R 120730Z FEB 77
FM USINT BAGHDAD
TO SECSTATE WASHDC 4160
INFO AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY DOHA
AMCONSUL DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT

S E C R E T BAGHDAD 0286

EXDIS
E.O. 11652: GDS
TAGS: ETRD
SUBJECT: ARAB BOYCOTT

REF: BAGHDAD 0068

1. DURING MY CALL ON DIRECTOR GENERAL HAMEED OF THE FOREIGN
MINISTRY BOYCOTT OFFICE ON FEBRUARY 9, HAMEED BROUGHT UP
SUBJECT OF SEVEN-POINT OATH WHICH HAD BEEN ATTACHED TO
TENDER CALLS OF THE STATE ORGANIZATION FOR ELECTRICITY
AND THE MINISTRY OF DEFENSE (SEE REFTEL). USINT HAD
PREVIOUSLY RAISED THIS ISSUE WITH FOREIGN MINISTRY BY
NOTE POINTING OUT THAT THE SEVEN-POINT OATH SEEMED
INCONSISTENT WITH PREVIOUS GOI BOYCOTT POLICY.

2. HAMEED SAID THAT THE SEVEN-POINT OATH WAS A MISTAKE
AND SHOULD NOT HAVE BEEN USED BY ANY AGENCY OF THE GOI.
IN FUTURE, GOI WOULD USE A SERIES OF QUESTIONS TO SOLICIT
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POSITIVE INFORMATION FROM FOREIGN COMPANIES. HE THEN
HANDED ME FOLLOWING LIST OF QUESTIONS.

1. DO YOU HAVE NOW OR EVER HAVE HAD A BRANCH OR MAIN
COMPANY, FACTORY OR ASSEMBLY PLANT IN ISRAEL OR HAVE
YOU SOLD ONE TO ISRAEL?

2. DO YOU HAVE NO OR EVER HAVE HAD GENERAL AGENCIES OR OFFICES IN ISRAEL FOR YOUR MIDDLE EASTERN OR INTERNATIONAL OPERATIONS?

3. HAVE YOU EVER GRANTED THE RIGHT OF USING YOUR NAME, TRADE-MARKS ROYALTY, PATENT, COPYRIGHT OR THAT OF ANY OF YOUR SUBSIDIARIES TO ISRAELI PERSONS OR FIRMS?

4. DO YOU PARTICIPATE OR OWN OR EVEN HAVE PARTICIPATED OR OWNED SHARES IN AN ISRAELI FIRM OR BUSINESS?

5. DO YOU RENDER NOW OR EVER HAVE RENDERED ANY CONSULTATIVE SERVICE OR TECHNICAL ASSISTANCE TO ANY ISRAELI FIRM OR BUSINESS?

6. DO YOU REPRESENT NOW OR EVER HAVE REPRESENTED ANY ISRAELI FIRM OR BUSINESS IN ISRAEL OR ABROAD?

7. WHAT COMPANIES IN WHOSE CAPITAL ARE YOU SHAREHOLDERS? PLEASE STATE THE NAME AND NATIONALITY OF EACH COMPANY AND THE PERCENTAGE OF SHARE TO THEIR TOTAL CAPITAL.

8. WHAT COMPANIES ARE SHAREHOLDERS IN YOUR CAPITAL? PLEASE STATE THE NAME AND NATIONALITY OF EACH COMPANY AND THE PERCENTAGE OF SHARE TO YOUR TOTAL CAPITAL.

3. ACCORDING TO HAMEED, THESE QUESTIONS HAVE NOW BEEN APPROVED BY ALL ARAB COUNTRIES PARTICIPATING IN THE SECRET

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BOYCOTT OF ISRAEL AND WILL BE USED IN THE FUTURE AS A MEANS OF SOLICITING INFORMATION FROM ANY COMPANY SUSPECTED OF TIES OR LINKS TO ISRAEL. HE THEN ASKED ME IF THE USE OF THESE QUESTIONS WOULD VIOLATE U.S. LAW. I ANSWERED THAT REPLYING TO THESE QUESTIONS WOULD CONTRADICT THE POLICY EXPRESSED BY THE U.S. CONGRESS BUT THAT THE LEGAL ISSUES ARE COMPLEX AND I PREFERRED TO ASK FOR AN AUTHORITATIVE OPINION. I ALSO POINTED OUT THAT THERE WERE VARIOUS PROPOSALS FOR NEW LEGISLATION NOW PENDING IN CONGRESS WHICH MIGHT PROHIBIT AMERICAN COMPANIES FROM REPLYING TO THESE QUESTIONS.

4. ANOTHER KNOWLEDGEABLE USINT SOURCE TOLD ME THAT THE EIGHT QUESTIONS LISTED ABOVE WOULD BE OFFICIALLY ADOPTED BY THE GOI AS SOON AS THEIR USE IS OFFICIALLY RATIFIED BY THE ARAB LEAGUE FOREIGN MINISTERS IN THEIR MEETING LATER IN FEBRUARY. HE SAID THAT THE PRESENT INTENTION IS TO ESTABLISH A "WHITE LIST" OF FOREIGN COMPANIES WITH WHOM ARAB COUNTRIES CAN TRADE WITHOUT

ANY FURTHER REFERENCE TO THE BOYCOTT. COMPANIES NOT ON THE WHITE LIST WILL BE ASKED TO REPLY TO THE EIGHT QUESTIONS BEFORE ARAB STATES WILL AGREE TO DO BUSINESS WITH THEM. THE EIGHT QUESTIONS WILL ALSO BE SUBMITTED TO COMPANIES THAT ARE CURRENTLY ON THE BLACK LIST BUT WHO HAVE EXPRESSED INTEREST IN BEING REMOVED.

5. COMMENT: THE EIGHT QUESTIONS ARE APPARENTLY DESIGNED TO DETERMINE WHETHER AMERICAN COMPANIES HAVE INVESTED IN ISRAEL OR ARE OTHERWISE ACTING IN WAYS SUPPORTIVE OF THE ISRAELI ECONOMY. IT SHOULD BE NOTED THAT COMPANIES WILL NOT BE ASKED IF THEY TRADE WITH ISRAEL, OR IF THERE ARE ANY JEWISH INDIVIDUALS ON THEIR BOARD OF DIRECTORS. THE EIGHT QUESTIONS SEEM CONSISTENT WITH THE TRADITIONAL ARAB BOYCOTT PRACTICES. IRAQI INITIATIVE IS APPARENTLY AN ATTEMPT TO MOVE IN DIRECTION OF ACCOMMODATING U.S. CONCERNS ON BOYCOTT
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WHILE AT SAME TIME NOT GIVING UP ARAB GOAL OF AVOIDING BUSINESS DEALINGS WITH FIRMS THAT HAVE A SUBSTANTIAL STAKE IN ISRAELI ECONOMY.

6. USINT WOULD APPRECIATE DEPARTMENT'S ASSESSMENT OF THE LEGAL IMPLICATION FOR AN AMERICAN COMPANY OF REPLYING TO THESE EIGHT QUESTIONS.
WILEY

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